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Appropriations Committee  
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[AGENCY 13]

SENATOR HEIDEMANN: Senator Nelson waives closing. With that, we will close the public hearing on LB359 and open up the public hearing on Agency 13, the Department of Education. Welcome to Appropriations. [LB359]

ROGER BREED: (Exhibit 3) Thank you, Senator. Senator Heidemann, members of the Appropriations Committee, my name is Roger Breed, R-o-g-e-r B-r-e-e-d. I am the commissioner-elect for 13 days for Agency 13, the Nebraska Department of Education. My role today is to introduce myself and also to, I think, comment on the recommendations of the committee with regard to the budget in the next biennium. Specifically would like to thank you for your support and my comments are pretty much outlined on the handout that you've received: funding for negotiated salary increases; funding for the health insurance increases; funding for DAS Transportation Services rate increases; helping us with state assessment and the student assessment costs as noted in LB1157 last year; voc-rehab funding to help us match federal dollars available for voc-rehab; funding an increase for TEEOSA, the state aid to education; 3 percent increase education...our expenditure for special education; increase in aid funding for school breakfast and the learning community programs--I think we have some learning community representatives here that will speak in a moment; increased cash appropriations for Early Childhood Endowment, the Qwest grant, department aid; and the Deaf and Hard of Hearing, and Blind and Visually Impaired programs. Would like to note that the department did incur a \$1.3 million General Fund budget reduction in the current biennium. This has resulted in some cut in services that we're able to provide, as well as the elimination of several positions at a time when our needs are increasing. Would like to also note two additional things for the committee's consideration. One is we've attached a market salary adjustment memo. In that memo I think you'll find that there is some strong evidence that our ability to attract and hire quality personnel to the Nebraska Department of Education has been hampered and, indeed, reduced significantly over the last few years. Our survey data would show that we're 11.7

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percent to 15 percent off of the market in terms of attracting and keeping. We can go through some anecdotal instances of personnel that have left us recently or are planning to leave us recently and they are securing significant salary increases in other ventures. Secondly, the other item for comment before the committee is the LB315 which proposes a specific program classification. We feel that if this goes through as it is presently written, the statute would identify programs as they currently exist and eliminate the flexibility of program consolidation, program modification, and as the new commissioner I especially would feel that that would tie the hands of new leadership in the NDE to perhaps do quality rearrangement, reorganization of the department. So I would be hopeful and encourage the committee to keep flexibility and to eliminate the requirement in LB315 for program specification. With that, I'll entertain questions.  
[AGENCY 13]

SENATOR HEIDEMANN: Are there any questions? Seeing none,... [AGENCY 13]

ROGER BREED: Oh, you're not going to let me off this easy, are you? [AGENCY 13]

SENATOR FULTON: I might. [AGENCY 13]

SENATOR HEIDEMANN: Senator Fulton. [AGENCY 13]

ROGER BREED: Oh, thank you, Senator Fulton. [AGENCY 13]

SENATOR FULTON: There's a program, I don't know if you'll be prepared to talk to this or not, but there's a...it's Program 161, Education Innovation. We understand that there's a significant balance existing in one of the operations...in that program's operations cash fund. Can you explain a little bit more about that? It's at \$10 million.  
[AGENCY 13]

ROGER BREED: I can't but I can perhaps turn behind me and Henry or Russ...

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[AGENCY 13]

HENRY RODRIGUEZ: That's the... [AGENCY 13]

\_\_\_\_\_: You've got to get up there. [AGENCY 13]

ROGER BREED: Henry. [AGENCY 13]

HENRY RODRIGUEZ: That was funded with LB1208, I believe, in the 2006 Legislative Session, and that's for distance ed equipment reimbursement. And what it is, is... [AGENCY 13]

SENATOR HEIDEMANN: Could you, just for the record, could you state and spell your name? [AGENCY 13]

HENRY RODRIGUEZ: My name is Henry Rodriguez, R-o-d-r-i-g-u-e-z. I'm with the Department of Education. [AGENCY 13]

SENATOR HEIDEMANN: Thank you. [AGENCY 13]

HENRY RODRIGUEZ: Sorry. And that's for reimbursement. What they're doing is reimbursing schools up to \$20,000 per building for distance ed education. And you're right, there's a chunk of money out there right now but it's...this program goes to 2014 so it's kind of contingency. We don't know exactly what we're going to be spending on that. [AGENCY 13]

SENATOR FULTON: Do you have a...can you verify whether indeed there's a \$10 million balance? That's what we were led to understand. [AGENCY 13]

HENRY RODRIGUEZ: It's about \$9 million I believe, yes. [AGENCY 13]

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SENATOR FULTON: Okay. [AGENCY 13]

HENRY RODRIGUEZ: I can verify that. [AGENCY 13]

SENATOR FULTON: What kind of annual expenditure? If this money is to be utilized up through 2014, what kind of annual expenditure has occurred in the past? [AGENCY 13]

HENRY RODRIGUEZ: We spent about...around \$3 million last year. [AGENCY 13]

SENATOR FULTON: Okay. [AGENCY 13]

HENRY RODRIGUEZ: The payment will not go out until August 1. [AGENCY 13]

SENATOR FULTON: Okay. [AGENCY 13]

HENRY RODRIGUEZ: It's one of those where the application is due June 30 and the payment has to happen before August 1. And there's also in that incentive money also that reimburses school districts for a classroom, distance ed classroom, and providing or receiving those kinds of services. [AGENCY 13]

SENATOR FULTON: Okay. [AGENCY 13]

HENRY RODRIGUEZ: But, yeah, those numbers are closer to about \$9 million in there. [AGENCY 13]

SENATOR FULTON: Uh-huh. Okay. [AGENCY 13]

SENATOR HEIDEMANN: Any other questions? Seeing none, thank you. Oh, Senator Mello. [AGENCY 13]

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SENATOR MELLO: I had one question on Program 25 under the department administration. The committee accepted a budget reduction that would eliminate fees charged by the Department of Administrative Services for purchasing, NIS, and accounting and I'd like to know how will the department go about dealing with that, knowing that we've eliminated the money to pay for DAS services? [AGENCY 13]

HENRY RODRIGUEZ: We're going to have to take a look at that. (Laugh) We may go through what we call an indirect cost fund and try to pay for it there. That's probably where we'll go with it. [AGENCY 13]

SENATOR HEIDEMANN: Any other questions? Senator Nantkes. [AGENCY 13]

SENATOR NANTKES: I actually have a question for Dr. Breed, please. Mr. Breed,... [AGENCY 13]

ROGER BREED: Yes. [AGENCY 13]

SENATOR NANTKES: ...thank you for being here and welcome to your new position. [AGENCY 13]

ROGER BREED: Thank you. [AGENCY 13]

SENATOR NANTKES: As you know, it's an onerous task but critically important as I think that there's definitely consensus amongst this committee and the Legislature as a whole that education and education funding is critically important to our state. One question that I have is...and I know you're brand new and just trying to figure out... [AGENCY 13]

ROGER BREED: How long am I going to get away with that? [AGENCY 13]

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SENATOR NANTKES: (Laugh) Today maybe. [AGENCY 13]

ROGER BREED: Okay. [AGENCY 13]

SENATOR NANTKES: But trying to...have you...you had a chance to visit with various members of educational interests about the state that we are in, in terms of where Nebraska ranks for, say, example, teacher pay and teacher compensation. As you spoke in your opening,... [AGENCY 13]

ROGER BREED: Uh-huh. [AGENCY 13]

SENATOR NANTKES: ...you clearly understand the challenges within the department of recruiting and retaining qualified and talented staff and we know that many of our school districts across the state are facing those same challenges because of compensation. So because of that similarity, I'm wondering what your thoughts are in terms of how the Department of Ed can help to address some of those issues. [AGENCY 13]

ROGER BREED: Well, there's, like any problem in education, it's multifaceted. Not only is pay and compensation a constant concern with regard to drawing quality people into the profession, but we also have to worry that they're properly trained, properly certified, and that they're distributed in an equitable manner border to border. We're getting pressure from Wyoming and other states that have found a way to compensate their teachers at a high level. I'm sure the committee members have heard that. How the department can help in that situation is I think we still have to look for the best way to qualify teachers, the best way to prepare them and, once in the profession, the best ways to both maintain and I think build their talent. Hopefully that when we invest in a teacher through our colleges and universities, we get them into our public schools or private schools or education system across the state; that with good support perhaps the rewards of teaching and education per se, more so than the material rewards, will

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win out. Now I say that fully knowing, as I just told you, we lost good people and are going to lose some more because we can't compete with salaries elsewhere and at some point we are going to have to address that. [AGENCY 13]

SENATOR NANTKES: Thank you. [AGENCY 13]

ROGER BREED: Okay. [AGENCY 13]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, thank you. [AGENCY 13]

ROGER BREED: Thank you. I guess I would just...to Senator Mello, that one way we could take care of the \$94,000 is to put it back in our budget. [AGENCY 13]

SENATOR MELLO: (Laugh) Well, I... [AGENCY 13]

ROGER BREED: You probably have considered that so I just wondered so... (Laughter) [AGENCY 13]

SENATOR NANTKES: Well said. [AGENCY 13]

ROGER BREED: Thank you. [AGENCY 13]

SENATOR HEIDEMANN: Is anyone else wishing to testify on Agency 13? [AGENCY 13]

BRAD BURWELL: We're just here for the learning community, so wherever that... [AGENCY 13]

SENATOR HEIDEMANN: You would want to do it on Agency 13. [AGENCY 13]

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BRAD BURWELL: (Exhibit 4) Okay. Right. Good afternoon, Senator, members of the committee. Thank you for having us here today. My name is Brad Burwell, B-u-r-w-e-l-l. I am one of the members of the new learning community coordinating council. Joining me here today are three other members of the council. I wanted to recognize them: from District 1 Nancy Jacobson; from District 3 Lorraine Chang, Lorraine also serves as the secretary of our council; and also from District 3 Kathy Bradley, and Kathy also serves as a Westside School Board member in addition to her responsibilities on the learning community. I, in addition to being a member, am also the treasurer of the community, the coordinating council, and also a member of the Millard School Board. Our purpose for being here today is to give the committee an update on the progress of the learning community to this point. We have been formed officially for two and a half months, spend just a couple of minutes on that, and then just to review with you our preliminary budgets that we have passed out for you and I'll go over those and answer any questions you may have. As I've indicated, our first meeting was on January 8. We have to this point been meeting at the ESU 3 and right on the Douglas-Sarpy County line. We...actually our next meeting is going to be at the UNO Alumni Center. We have been meeting as a full council on two times a month and as a "subachievement" council numerous times throughout the six districts that we have had. To kind of give you an idea some of the things that I've learned certainly being on a school board, we're building this organization from the ground up, meaning that our first two or three meetings truthfully were just getting our bylaws in place and having an operating situation in which we could conduct our meetings. On our fourth meeting we did have election of officers and have those in place. And then we have been formulating different RFPs to be able to get assistance with the execution and running of the council. We most recently sent out questionnaires and RFPs for help on the insurance area, legal area, and the accounting area. In addition, we have formed three task forces. Very important to the formation of that, the first one was a task force on bylaws. Certainly they had to get up and running very quickly to be able to get the bylaws passed under which to operate on. Then we had a facilities and staffing task force which

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has been working on permanent facilities and looking at what type of staffing that we're going to need for the learning community. And then finally, our budget and finance task force of which Mrs. Bradley and myself are members, and that's what we're going to talk about here in a little bit in terms of our proposed budgets. Doing that and having those things come together, we have been working on that and we will have...Senator (sic) Gale has been working with us, obviously over the first three months. He is department at the end of this month, as prescribed by the LB641, so we'll be pretty much on our own at the end of this month but we do have elected officers in place and which to take over and legal counsel and the like in place at this point in time. I would like to reference, just very briefly going over, we have given you a number of different budgets, one a partial year budget which takes us from January of this year through the end of our fiscal year of August 31, 2009, using our appropriation from the state of \$500,000. Just very briefly, not to go line by line, but what we have done with our expertise, has been able to go out and, with our best knowledge, approximate the costs that we feel that we're going to incur, particularly some startup costs that the council will incur as we try to get things going, such things as accounting, memberships, certainly the per diem that was prescribed in the law, LB641. Certainly we found one of the biggest challenges is just public notices, making sure that we're letting everyone know within the two-county area when these meetings are, and not only when the general meetings are but certainly when the "subachievement" councils meet, to make sure that the public is well aware and can make attendance of those, so making sure that we're in every publication that is out there. We then got in the insurance issue. It's one of the areas that I've been working in. I have a background in finance and insurance so I've been working with a number of different...trying to approximately what our insurance needs are for both DNO insurance, surety bonds, all of those. And we think we have a pretty good handle on that at the time. Right now, we have been utilizing temporarily...actually the Secretary of State's Office has been utilizing former Senator Brashear's law offices to guide us on the legal side. We will be making a final decision on legal services here shortly but that's been an approximation of what we would be spending in legal as a startup. I mentioned the staffing. As prescribed, a couple of the key staffing things that

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we're going to be looking at is what we have described as a chief operating officer. Obviously, all of us do not full time run the learning community coordinating council. We needed a full-time person to operate that on a daily basis. That would be that chief operating officer and they would certainly need an administrative staff to help them out. And then most importantly, why we are there is for the elementary learning centers and we have a budget in there, if you flip to the back page of that, a director of elementary learning centers, which we will be hiring but after the chief operating officer is selected. And we have for the first year, as you can see, and probably most importantly what I want to pay note to is the \$77,000 that we're going to devote during the first few months just to the formation of those elementary learning centers. Certainly we found out that the startup cost to a political subdivision such as ours is not minor. It does take some dollars to get things started. But certainly the monies that we want to be able to get in the future is to be devoted to those centers to benefit the children of the Douglas and Sarpy County area. So that kind of gives you a brief overview of...and we're going to be...certainly as expenditures come in, part of my job as treasurer is to reconcile those budgets along with the accounting firm that we would utilize to make sure that we are on budget, make adjustments where necessary as we go forward. The next one really takes you through two budgets--the fiscal year ending 2010, fiscal year ending 2011, take into account our total appropriations during that time both from the appropriation from the state and the ESU core service funds during that point in time. You can see certainly some of our expenditures, because of the fact we're on a full 12-month period, have expanded. On the accounting side in particular, that has. Actually the legal we were able to reduce some because we don't feel our legal expenses going forward will be quite as great as they will be in the first year as we go forward in just some of the establishment, which really kind of leads to, if you look on the second page of that 2010-2011, more and more of those dollars are being devoted where they should be to those elementary learning centers. Approximately \$1.3 million, almost \$1.4 million of the \$2 million would be devoted specifically to those elementary learning centers, which is truthfully our goal, what we want to be able to accomplish. I could go line by line, would be more than happy to, but I would really rather just open it up to see any questions you

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have about our progress to this point or questions on the budget. [AGENCY 13]

SENATOR HEIDEMANN: Senator Wightman. [AGENCY 13]

SENATOR WIGHTMAN: Thank you for being here. [AGENCY 13]

BRAD BURWELL: You bet. [AGENCY 13]

SENATOR WIGHTMAN: That's a good explanation as to where you are to date and where you intend to go. What do you see as far as growth of staff and employees in future years? Do you think it pretty much can be handled at the level you're talking now or...? [AGENCY 13]

BRAD BURWELL: Yeah, I really think that...I think as we look at the personnel staffing, certainly the two key people, the COO and the executive director of the learning centers, would be the two most highly paid. You know, there may be a need to add administrative staff as this might become bigger, but administrative staff certainly is going to be on the lower end of the pay scale. I think that's probably been one of the things we've talked most about, what will it take to get someone of that caliber in there. But we don't look at having to add what I would call executive, administrative people on top of that. Most of it would be more...I hate to use the word clerical but that would probably be more of what we'd be looking at, more of an administrative assistant type of individual. [AGENCY 13]

SENATOR WIGHTMAN: Would you be somewhat working with the member school district staffs or faculty to try to correct some of the problems and...? [AGENCY 13]

BRAD BURWELL: And in all actuality, some of our numbers have already come. We've been trying, because we are a startup political subdivision, I think we have been certainly picking the brain of a number of the school districts in terms of staffing, some

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of the things that they utilize certainly on the insurance and the accounting side, what are some of those expenditures that they incur and what we can expect. Certainly the goal and the...how our goals and what we're trying to accomplish here is a little bit different than most regular school districts so, you know, our...I guess you'd say how we comprise our staff and everything, it's going to look a little bit different than just a regular school district but...so some of that has taken a lot of just painstaking work in trying to figure out what our needs are going to be and that's why we wanted to make sure that as we did appropriate this money, particularly in the year starting in September of '09, that the majority of these monies were being focused to those elementary learning centers. [AGENCY 13]

SENATOR WIGHTMAN: Thank you. [AGENCY 13]

BRAD BURWELL: You bet. [AGENCY 13]

SENATOR HEIDEMANN: Senator Hansen. [AGENCY 13]

SENATOR HANSEN: Thank you, Mr. Burwell. Looking over these two budgets, I don't know anything about the learning communities other than what we talked about on the floor a couple years ago. But there's a couple lines that bother me and if you'd turn to the second page, from January '09 to August '11, there's \$260,000 there for legal. I thought, you know, when we talked about the learning communities, I thought it would be more benefiting the children of the school districts. And I understand you explained briefly that it was a learning community is different than a school district, and I appreciate that, and the information you've provided in here. But why such a large number for legal fees? [AGENCY 13]

BRAD BURWELL: And realistically, some of those numbers that we're getting have been through the first three months. In talking to Secretary Gale about the expenditures that he's utilized through the first three months, he gave us a pretty good idea of what

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he's expended out already we, as you can see, that's why I made the comment, we are reducing that in the second and third year of that. But we have found that, as we talked and the question came up, if we converse with other school districts about their legal responsibilities and taking that into account, and we have. We tried to get an idea of what their expenditures were for legal fees in terms of public policy. We are a policy...because we govern policy and the implementation of these learning centers, we will need legal advice on that. Is that an accurate number? None of us would like to see all of that money being spent and, truthfully, our job, as patrons of the...and stewards of the taxpayers' money, is to keep that, things like public accounting down to the very minimum. That's why I said in those two years you can see that we've appropriated about 70 percent of the money directly back to those elementary learning centers. Should it be 75 to 80? We'd certainly like it to be. We'd like as much money to go there as possible. The intent on our part is not to waste the monies on legal fees, nobody likes to see that, and we're certainly going to keep those to a minimum. [AGENCY 13]

SENATOR HANSEN: I'd certainly agree with that statement. Thank you. [AGENCY 13]

BRAD BURWELL: You bet. [AGENCY 13]

SENATOR HEIDEMANN: You have \$10,000 in for membership. What are you buying into? [AGENCY 13]

BRAD BURWELL: Two memberships that we feel are very important, kind of going back to coordinating with schools. One is, and I've already talked to Dr. John Bonaiuto with the Nebraska Association of School Boards, we feel it would be important for us for two purposes to be a member of that organization: one, so we could be affiliated with other school boards and school districts throughout the state of Nebraska; the other thing, we feel that they can help us reduce our costs. They offer a number of member services that we feel that we can avail ourselves of that can reduce our cost over a period of time by being a member of the Nebraska Association of School Boards. The other one would

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be a national affiliate with the Nebraska School Board...I mean with the National School Board Association. Those are the two associations we felt were important to belong to. The information that we can receive being a member of those and having attended those conferences in the past, I can tell you the information I receive from them is invaluable in terms of our professional development and I think would be very helpful to our 21 members of our learning community. [AGENCY 13]

SENATOR HEIDEMANN: Do any of the members every travel to seminars or things like that? [AGENCY 13]

BRAD BURWELL: We have not at this point, no. Has there been some...I think there was an indication that some people might do that. Obviously, going to the state one is very easy because it's right in Omaha. So going to that is just registration, and going to the workshops and seminars there the costs would be very small to attend those. So we certainly have to be prudent in any national conference that we would think about going to. [AGENCY 13]

SENATOR HEIDEMANN: Senator Fulton. [AGENCY 13]

SENATOR FULTON: Yeah. Thank you for testifying. [AGENCY 13]

BRAD BURWELL: You bet. [AGENCY 13]

SENATOR FULTON: I'm going to segue off of Senator Hansen's question here. I've been following a little bit what's going on in Douglas and Sarpy Counties. I guess the question I have is are you confident that by the year 2010 that any potentiality of needing more legal dollars will have been averted? [AGENCY 13]

BRAD BURWELL: Again, I would certainly hope so. You know, you know, we struggled with the fact that nobody in any type of situation, and being a school board member

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myself and having been one for 12 years, we certainly try to keep our legal fees down to a minimum. Those are precious dollars that could be spent best on children. But here again, we were really getting out lead, and not to pass the buck to Secretary Gale, but knowing what has been spent in the first three months, we were utilizing those numbers to do as best a job as we could with the budget in projecting forward. If we can reduce those at any point in time, I think you'll find that we, as I had indicated, we have a questionnaire out there for law firms right now that we're going to be talking to, finding out about what their background is in education law, how they might be able to help us, and certainly costs will be a part of that. I know, being part of my current school board, we do not have a host of attorneys that attend all of our meetings. We have one attorney to advise us on policies and proper decorum and Robert's Rules of Order during the meeting. But we certainly do not have a team of lawyers advising us at all time and I would certainly think that would be the intent of our council, is to keep that to a minimum. [AGENCY 13]

SENATOR HEIDEMANN: Senator Nelson. [AGENCY 13]

SENATOR NELSON: Thank you very much... [AGENCY 13]

BRAD BURWELL: You bet. [AGENCY 13]

SENATOR NELSON: ...for coming today. This is...I want to commend you on the budgets you put together. It's, I think, sort of like an entrepreneur starting out with a business plan and not knowing... [AGENCY 13]

BRAD BURWELL: And I've done that so I understand that. (Laugh) [AGENCY 13]

SENATOR NELSON: ...not knowing for sure what these costs are going to be and so it's difficult. And you'll have savings, I suppose, in some places but maybe more than you anticipated in others. I didn't quite get what you said about your COO. Are you

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taking applications now? How far away are you from getting a COO? [AGENCY 13]

BRAD BURWELL: And I'm going to... [AGENCY 13]

SENATOR NELSON: Will somebody else? [AGENCY 13]

BRAD BURWELL: ...how soon, how close are we, Lorraine? [AGENCY 13]

LORRAINE CHANG: We are going to be meeting tomorrow as a search committee to look at the applications we've received so far for the chief operating officer position. We received over 50 applications. [AGENCY 13]

SENATOR NELSON: Fifty applications. Okay. [AGENCY 13]

LORRAINE CHANG: So we'll be interviewing within the next couple weeks. [AGENCY 13]

BRAD BURWELL: Lorraine is heading up, obviously, our search committee. [AGENCY 13]

SENATOR NELSON: That's Lorraine Chang that just gave us that information. [AGENCY 13]

BRAD BURWELL: Yes. Yes. [AGENCY 13]

SENATOR NELSON: All right. And thank you very much. [AGENCY 13]

BRAD BURWELL: You bet. [AGENCY 13]

SENATOR HEIDEMANN: Are there any other questions? Senator Mello. [AGENCY 13]

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SENATOR MELLO: Mr. Burwell, thank you for testifying. [AGENCY 13]

BRAD BURWELL: You bet. [AGENCY 13]

SENATOR MELLO: And I guess my question, and maybe a testifier after you can explain a little bit as well, is how is the learning community council going to be interacting with our current ESU system? Because I know that ESUs are providing a significant amount of funding for the learning community council and kind of if you could give us a little more background maybe of how you envision, a preliminary how the council will be interacting with ESUs. [AGENCY 13]

BRAD BURWELL: Certainly. In the Omaha area, certainly Douglas-Sarpy County area, we have, as you know, the two ESUs--ESU 3, ESU 19--that service us. As I'd indicated before, wherever we can utilize these ESUs to provide us services at a very cost-efficient manner, we want to be able to do that. We find, and particularly, I think, smaller school districts have found throughout the years that ESUs can be a tremendous asset to them when they're looking for technology meetings or, truthfully, any number of multiple amount of needs that they can supplement. So we would like to work with them very closely, truthfully, to support what we're trying to do. We don't look at this as a situation where we're separate and apart. We...I would...I can't speak for all 21 members of the council but I would think that truthfully most of us feel the fact that we're an integral part of the entire Omaha, Douglas-Sarpy County school systems. We're there to just make our system better. So anything that we can do work with ESU 3, ESU 19. Or truthfully, and I think that's been the benefit as we sit down in our subcouncil meetings, those superintendents...I know I'm from District 4 which represents Millard and Elkhorn, the participants from Millard and Elkhorn attend our meetings, we want them to be fully engaged in what's going on and be very informed. We want feedback from them. We want to know how we can assist them in making their school districts better. We're not there...and I think the concept that people thought that

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we're there to take over school districts is not correct. We're there to make everybody better and that's really...I think that spirit of working together is really what we're after. [AGENCY 13]

SENATOR MELLO: Okay. Thank you. [AGENCY 13]

BRAD BURWELL: You bet. [AGENCY 13]

SENATOR HEIDEMANN: I noticed part of your cost, you have in the first you had \$9,600 for a sound system, you continue it on for \$7,200 in each of the following two years. Can you explain that a little bit? That seems kind of expensive. [AGENCY 13]

BRAD BURWELL: We're...and I'll be honest with you, that's kind of a moving number. We have to pay right now. We are leasing equipment, the ESU 3, kind of talk about that, because we're using their facilities we have to pay a certain amount of money to lease sound equipment. Part of the discussion has been when we can find a permanent facility, and I've actually already made inquiry with somebody that I know that has provided sound equipment for school districts that we can probably wind up buying this a lot cheaper than renting it. But that was based on the leased amount that we're paying right...the lease amount that we're paying right now for sound equipment, simply things like microphones and different things that we need at different meetings. [AGENCY 13]

SENATOR HEIDEMANN: That's \$600 a month. [AGENCY 13]

BRAD BURWELL: I know. [AGENCY 13]

SENATOR HEIDEMANN: Senator Fulton. [AGENCY 13]

SENATOR FULTON: And that gets paid to the ESU? [AGENCY 13]

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BRAD BURWELL: That's what we're paying to them. [AGENCY 13]

SENATOR FULTON: Because we fund the ESUs too so... [AGENCY 13]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, thank you.  
[AGENCY 13]

BRAD BURWELL: Thank you. I appreciate the committee's time today and we look forward to working with you in the future. Thank you. [AGENCY 13]

SENATOR HEIDEMANN: Is anyone else wishing to testify on Agency 13? [AGENCY 13]

MATT BLOMSTEDT: Senator Heidemann, members of the Appropriations Committee, I think it's my first time here. I'm Matt Blomstedt, B-l-o-m-s-t-e-d-t, and I am the executive director of the educational service unit coordinating council, speaking of ESUs suddenly. I don't know about that issue (laugh) so I'm not sure I can address the microphone rental issue so. However, what I do want to want to try to address is in similar fashion that the learning community is a new entity, the ESUCC, the coordinating council was created or actually became operative July 1, 2008, and so...and certainly our Agency 13, Department of Education, all of the funding for ESUs for core services go through that agency and we appreciate your efforts to try to maintain funding in that arena as well. We also appreciate generally your support of education and the department and their work. We continue to try to look again, I started actually December 15 in my role. I didn't bring you a budget. Maybe that's a good thing. But anyway, we take 1 percent of the core services funding to run the ESUCC. We also have distance education council money that actually predated the creation of the ESUCC and that money runs through our distance ed council. Certainly we look at all the various issues and try to be part of what's going on in education in the state, participating...I look forward to participating with the learning community, I look forward to participating with

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the Department of Ed on any number of things and kind of providing a programmatic, on-the-ground entity for a lot of school districts that in many cases don't have the capacity to carry out all the elements that they have to carry out at the school district level: special ed or, you know, on distance ed, as already mentioned, but obviously we do a whole...co-op purchasing and things along those lines that assist both small districts and large districts actually. So we appreciate your efforts on putting a budget together in tough times and certainly would be here to provide whatever information or assistance we can on this front, so. [AGENCY 13]

SENATOR HEIDEMANN: Senator Harms. [AGENCY 13]

SENATOR HARMS: Matt, thank you very much for coming. When you look at the core services that we, by law, are required to provide, I kind of call that the umbrella over that whole system, how are we going to measure the success of our children? I mean I guess this to me, I looked at their budget and that's all mostly administratively, and rightfully so because they're getting themselves established. But what's really piquing my interest then is the children and the fact that so many of those kids who...there's so many children over there in Omaha who need special attention that are coming from families that are very poor, disadvantaged, and how is that core going to approach that and how do...when are we going to begin to start to see really what this is all about? I mean this is now just the administrative structure but I'm really...I'm interested in it but I'm really interested in the kids and what this is going to bring. Can you help us...maybe help me better understand that? [AGENCY 13]

MATT BLOMSTEDT: Yeah, I mean I think there's a few different ways. As I've been talking to ESUs statewide, not just around the learning community, but I've been challenging them to consider what their role is in doing exactly that, you know, what research role do we need to do, what programmatic role do we need to be able to provide, and how do we accomplish that. And obviously, I mean some of it is evaluation and assessment. You know, as we look at what's going on within the state, we're

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changing our assessment system, we're going to be able to take that data, look at that information and try to be able to say is this program working in this location, is it working in some other location. I'm impressed by, you know, because I haven't had...certainly haven't had the opportunity to meet every ESU employee, but of those staff people I've met, I'm impressed with the level of thought that they give to those types of items. What can we do to address poverty? This is working in one area. Can we transfer that type of approach to another area and see similar results? But I do really think we have to look at that results-oriented approach to this and say, is a program that we're providing here actually accomplishing what we need to accomplish? And there's a lot of people that bring to the table teachers, parents, community. And I think the learning community, as far as an example of maybe bringing that broader set of interests together, is very important. I mean there's a school district to school district relationship that I think matters, and where it used to be maybe a little more competitive hopefully we can see a little more cooperation in accomplishing good things for students. [AGENCY 13]

SENATOR HARMS: As you begin to look at this then, a lot of the issues that children have are driven from the home base because the parents many times don't have the background or do they have the education to...or...not the ability but just don't have the background to encourage their children about the importance of education. What is...where does this core services fit into that? And particularly I'm thinking about north Omaha where we know we have, you know, one of the highest rates in the nation in African-American children living in poverty, which tells me that that's a tremendous issue. How does that core services start to funnel on that and start to address that issue? Because you have some great resources with Metro Community College and a seamless environment, you could start with parents. Have you started that discussion at all yet? I know it's really early but is it in your thinking any at all? [AGENCY 13]

MATT BLOMSTEDT: Yeah. Well, in fact, tomorrow I spend I think pretty much all day at ESU 3 talking through some of those very things--what we're going to be looking like in the coming year and what the future looks like, what types of staff development do we

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have to do, what types of community services. I'm going to meet with Dr. Ken Bird actually tomorrow to talk about what we can do with Bright Futures. You know, I look at all the possibilities and I think it's pushing that agenda though. I mean I think we have to look at that and say what can we do in this arena. I keep challenging ESUs to be relevant to all those questions and that's largely what I'll be spending my time tomorrow, specifically on that, that address of that question. [AGENCY 13]

SENATOR HARMS: See, I think we both realize that this could be a national model or it also could be a big national failure... [AGENCY 13]

MATT BLOMSTEDT: Uh-huh. [AGENCY 13]

SENATOR HARMS: ...and that whole aspect is really I think important to us,... [AGENCY 13]

MATT BLOMSTEDT: Uh-huh. [AGENCY 13]

SENATOR HARMS: ...about the core and the way we're going to evaluate those children in opening up that north Omaha issue and begin to start addressing the issues that I think they're really badly needed... [AGENCY 13]

MATT BLOMSTEDT: Yeah. [AGENCY 13]

SENATOR HARMS: ...before the state of Nebraska. [AGENCY 13]

MATT BLOMSTEDT: And my awareness of things that are going on in community college level, I know in Metro there's programs on career academy type things. I don't know if they're calling it that at that moment. I know that's going on in northeast and southeast and probably all over the state. And in fact I've approached some of the community...we have already partnered with some of the community colleges in

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developing those types of programs in conjunction with them. So it's very important I think all over the state to build those types of interconnecting relationships from pre-K all the way to higher ed. [AGENCY 13]

SENATOR HARMS: I'm going to go a step further just to give you some thoughts. One of the things that I think that's so badly needed, particularly in our State Department of Education as well as what you're wanting to do, is that the new world, global economy has required a whole nother skill set and we're not producing that skill set. I will say in their career...I had an opportunity to look at just recently State Department has...of Education has career academies, a career academy, and I had a chance to look at what they're starting to address, what that common core has got to be for the skill sets and they're beginning to move that out into careers. And I think that's really something that I hope you'll start to look at, because what we're going to be...what's going to happen is we're going to be detached. When you're starting to move in this direction but if it doesn't blend into something like you're doing, we start this discussion or preparation for children, our planning is going to go astray and we're going to miss the boat. And when we finally decide that maybe we should not have gone this direction it's going to be too late. I guess that's what I'm really concerned about. Are we really looking into the cutting edge on this side? [AGENCY 13]

MATT BLOMSTEDT: Well, I think we've actually taken some steps to work on science and math initiatives, as well as...well, you're throwing your softball a little bit (laugh) but... [AGENCY 13]

SENATOR HARMS: Yeah, I know that. [AGENCY 13]

MATT BLOMSTEDT: ...you know, with technology labs and how we may be able to use those and creating that type of twenty-first century environment, and I hate those terms, but twenty-first century environment is the best that I can come up with. But we're integrating technology into education and critical thinking skills with technology involved

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I think is key to that. It's really just creating a set of students or informing a set of students so they can...they can handle whatever is going to come. We don't necessarily know technology-wise, but I think the better that they're prepared in the critical thinking arena the better off that they'll be in the long run. And we're certainly starting to engage in those conversations with all of our staff development people and our technology assistance people and our network operations people as well. [AGENCY 13]

SENATOR HARMS: I would really encourage you, if you haven't had an opportunity to look at those, what the state department has done in that portion of the foundation for careers. The only thing that I did not see, nor has there been any discussion, is what is that core going to have to be on the liberal arts, science, and I'm glad to hear you talk about the science, math side. This is the skilled side and we're not yet having that discussion on the other side. And the other side, the academic world, is what's going to move us when you start talking about engineers and scientists and mathematicians and skills the that America has to have to be competitive. That's where it's going to happen. On the other side then we transfer that over to the academies that they're developing, but I don't see any discussion in that area. Are you? [AGENCY 13]

MATT BLOMSTEDT: We actually have. Actually pretty much... [AGENCY 13]

SENATOR HARMS: That's great. [AGENCY 13]

MATT BLOMSTEDT: ...every ESU visit I've had in the last two or three months, whatever it's been now, we've actually had that very conversation with superintendents as well as staff people at the ESU level talking about how we might shape that up. In fact, in northeast we talked about how we could build an entrepreneurial relationship around that with the community college. I'm very pleased, in ESU 8, to have Norfolk involved pretty heavily in that ESU and I think it shows a model that it's not just purely a very small school environment. It's all schools and we can participate and learn how to work with each other to improve education on that front and every other front actually.

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[AGENCY 13]

SENATOR HARMS: Well, I'm excited about where you're going because you're moving in the right direction. [AGENCY 13]

MATT BLOMSTEDT: Well, thank you. [AGENCY 13]

SENATOR HEIDEMANN: Any other questions? Thanks, Matt. [AGENCY 13]

MATT BLOMSTEDT: Thanks. [AGENCY 13]

SENATOR HEIDEMANN: Anyone else wishing to testify on Agency 13? Welcome. [AGENCY 13]

MIKE GROENE: How you doing, Senator? Mike Groene from North Platte, Nebraska. I'm a member of a taxpayers group out there. I'm a member of the public who has nobody in my family in public education. I've worked free enterprise all my life. Our family uses public education for generations but, believe me, it's not the center of our community. We look at it just like the courthouse or anything else, it's a tool to use, and we've been very successful looking at public education in that manner. But I wanted to make some comments. First, I'd like to remind you, everything here, all the administrations, all of the learning communities starts with one sentence in our constitution: The Legislature shall provide for the free instruction in the common schools of this state of all persons between the ages of 5 and 21. That's all your responsibility is. I don't know of any five-year-old in the state of Nebraska that can't walk into a public school, sit in a classroom, have an instructor in front of them, have books, a decent climate, and receive a free education. So what's the problem? What's the problem? I mean why do we keep throwing money at this? I don't understand it, as a taxpayer. A couple of points I'd like to make. State enrollment, I got this off the Department of Education's Web site. In the last ten years we have actually had a decrease in

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enrollment in our school, public schools: 291,585 in '97-98 to \$290,767 this last year. And that increase would have been less but since we kind of changed the constitution and three- and four-year-olds can walk into a school now last year, we've had a huge increase in prekindergarten, and in the last few years we've had a pretty good increase in kindergarten because they went from half day to full day. So the huge increases in education spending in the last decade, in 20 years, has not been because of enrollment increases. That factor is not a variable in the figure at all. We've gone from spending, in that same time period, an average of \$5,473 per student to \$10,060 this last year--an 80 percent increase. But anyway, so keep that in mind when you look at the figures I remind you of about enrollment. Property tax revenues, remember the...I had moved out of the state and moved back in right about when you guys passed the property tax relief with the state aid formula. In that time period, from the same year time period, the state has collected...or the counties and the school districts have collected \$897...they collected \$897 million in property taxes in '98. In 2008 it was \$1,632,000,000. So much for property tax relief. And state aid to spending, remember, we had a decrease in this same period of students, in the last 12 years we've doubled state aid to education. We've gone from \$414 million to \$839 million last year. And what have we gotten for it? I don't know. Senator Harms pretty much summed it up what we got for it. Bear with me here. Here's an example. You hear about salaries. Now I live in North Platte. I got access to the North Platte information. The administration freely shared it with me. I want to remind everybody that we're in an array, forced by the state to be in an array. Our local school district has no control over what we pay school teachers, none whatsoever, because of arrays and the Committee (sic) on Industrial Relations. We just added another administrator last week for \$120,000, a curriculum administrator. For the life of me, I don't know what the building's principals do if they can't even get together and figure out the curriculum. Our superintendent makes \$162,000. We have 7 administrators over \$100,000; 15 over \$90,000. We just got notified our enrollment is down, that we're going to be Class B in a lot of sporting, so it isn't enrollment either why we need all these administrators. We have 345 instructors. We had 289 and we've been down...and our enrollment is down. We had 289 five years ago; we're up to 345 and our

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enrollment is down. Our average pay is right at \$50,000. We have, if I can find it, we have 69 instructors over \$60,000. That's over 20 percent of the total teacher base. We have...the top pay is \$65,705. Now this doesn't include benefits. So don't tell me that we're underpaying our instructors. I used to say they worked 185 days until I looked at our substitute teacher budget. I figure they work about 170 now. We're paying them very well. And in real time, let's not talk about losing instructors. Every position always gets filled. Talk about them going to Wyoming. The other thing was we had to pay them more because they'd disappear into free enterprise. Well, they're not going to be investment bankers anymore. In fact, I heard on Bloomberg, the radio, that teachers colleges are overwhelmed with applicants, people looking for second careers now because of the economy. So if we use any free-enterprise factors at all when we decide what we pay in the public sector, then we ought to take that in consideration, that the applicants are there, and there's going to be good applicants. We're going to have people out of the free-enterprise system actually know something about Milton Friedman maybe come in and teach our kids. But...so teachers' pay I don't believe is a problem in this state. I was involved in a petition and I went around through a lot of small towns in western Nebraska--Benkelman, Arthur, Arnold, Stapleton--door to door gathering signatures, and I will guarantee you when I got to "Nob Hill," it was a teacher living in it, in that district, in that house. In small towns, \$40,000 to \$50,000 in western Nebraska in small town America, which some of you know, is a good, good salary and it puts you in the top income earners. You're rubbing elbows with the bankers and the insurance agents. We pay them well. Also I understand it's \$70 million you're looking at, an increase. We're not talking about cutting. I guess we're \$839 million last year and we're not talking about cutting; we're talking about adding another \$7 million over the next two years. You got to remember that 85 percent is salaries in most school districts across the state. That other 15 percent, their cost is going down. Energy went down, transportation has gone down, other parts have gone down too. So we don't need an increase because we got to bus the kids to St. Louis for a basketball tournament. Also we have a real crunch coming which you know, and I'm assuming you guys all...know it's there, about the defined benefit package. Right now we have...we have people teaching our children

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who don't care about the stock market. They're protected. The kids are sitting and listen to Mom and Dad are talking about, and Grandpa had to go back to work because he lost his retirement. These folks are protected by state law, 60 percent of your pay. Now remember, we're not talking about 30...now when they want to talk about \$30,000, \$40,000 a beginning teacher is paid \$30,000, they're not getting paid their benefits, retirement on that. They're getting paid on that \$65,000 when they retire, so that's \$36,000, \$40,000 a year, plus COLAs, cost-of-living increases. Now I understand we can't take them away, but we can make them pay for their own retirement. I figured it out. If you took the average, the modest recovery of \$234 million, that's 58, if you start it this year, over the next four years, that's \$58 million a year. If you increase their input by 2 percent and the school board's input by 2 percent, you fixed it. If you go to 9 and 9 instead of 7 and 7, you fixed it. But they want, and I don't blame them, they want you to increase state aid so that they can get their raises. I know the people in the press here that work for an organization took a 5 percent decrease just this last year to keep their job. They want to protect their raises because, remember, 85 percent of that state aid that you give them is going to salaries. They want to protect that and then they also want you to fund on top of that their retirement account. I say tie strings to the state aid. Say to the local school board, you got to come up with another 2 percent, the teacher has to come up with another 2 percent, and it's got to come out of the state aid formula. And then, when a union comes to the school board for a raise, you got either or: Do you want to protect your retirement or do you think you should get a raise, too, when the kids sitting in your class, their parents aren't getting raises, their 401(k)s have gone downhill? You could fix it by doing that, I believe, and you got to start now. I don't think you can wait till next year because it's going to snowball on you. But that's a recommendation I'd like to see this board do. Last, we've got to relook. I mean from that very first sentence that said all we have to do is support a free education in a common school, we can go back, we can look at our mistakes. I think this Unicameral ought to look at allowing public unions to strike. That is their big ace in the hole that says we can't strike so you've got to give us the Committee (sic) on Industrial Relations. We need to get rid of the community, Industrial Relations. We need to get rid of arrays. And

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by the way, on that \$65,000, those numbers I gave you for North Platte, we're in an array with Kearney, Scottsbluff, Columbus, Fremont. We're in the middle of salaries, so we're not that high. We're just in the middle of the array. We need to get rid of the Committee (sic) on Industrial Relations, we need to get rid of arrays, we need to let local school boards negotiate and set their own salaries. We need a tie of the instructor back to the community. Right now, they can thumb their nose at the local people because its decisions are made here, not by the local school board. ESUs, why do we have ESUs? I talked to the past superintendent of North Platte and I asked him, how much do you use them? He said, very little. He said, we don't use them at all; we can handle what they do; we're a big enough school district. We don't have...you destroyed the Class I's so that was a big use of the ESUs. Why don't we just eliminate them? Why don't we take that tax dollars and meld it into the bigger school districts? The bigger school districts can offer services to the smaller ones around them. That's something I think we ought to look at. In Omaha, I don't understand the duplication of the learning community and ESUs. That's what ESUs did, supplied services for the handicapped and children. I thought this with learning community, it's a duplication of services. In finishing up, I travel a four-state area out west and I stay in the college towns of Hays, Greeley, Fort Collins, Scottsbluff--the junior college, Kearney, and I do an informal survey of students that wait on me at the table or at the hotels and it scares me that most of the students are going for social sciences. They are in there for sociology, psychology, family planning, you name it. Very few do you find that says they're in there for science, chemistry. I don't find it. I'm talking 60-70 percent. Our public schools are completely failing these kids in the sciences and somehow turning them into touchy-feely that jobs and there is no job for social services except government, the social sciences except government. And I got to give Obama credit, he admits it, he's going to give \$300 billion to education for jobs. Well, history majors, sociology majors, psychology majors need jobs and they're not going to get them in free enterprise. We've got a real problem with education and this whole thing boils down to a student, a classroom, and a teacher. That's all it ever was. And layers, all I heard out here was layers, talking about layers of administrators, talking about hiring administrators. Our administrative office, I don't think

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most of them have a contact with a child all day long. But anyway, that's my comment. Our taxes are too high and if they want to tell you they're 44th rated, the taxes...I mean with their salaries I'll tell you I'm 9th rated on the amount of taxes I pay. One last thing I'd like to remind you, they talk about people leaving the state. I'll tell you who's leaving the state. It's me. It's people paying 7...6 point, 7 point, 8 percent income taxes and they're moving. I belong to the Platte Institute. We did a study that showed we are net negative on migration. Immigration, our population is growing. Migration, that's citizens moving from state to state, of the seven states including us, the six that border us, we're the only state for the last ten years that was negative. I've talked to Department of Revenue. I'm trying to do a FOIA with the retirement. I want to find out how many of the checks, retirement checks, coming out of our public service retirement from the teachers, the judges, and the State Patrol are being mailed out of state. I think you'd be shocked, because we tax retirement, we have a high income tax rate. I think you'd be shocked, just my personal experience of retired teachers who have left the state. We can't even tax it to get a little bit of that money back after they leave. Anyway, that's all I've got. [AGENCY 13]

SENATOR HEIDEMANN: Senator Mello, you have a question? [AGENCY 13]

SENATOR MELLO: I do. Thank you so much, Mister...is it Groene? [AGENCY 13]

MIKE GROENE: Groene, long E. [AGENCY 13]

SENATOR MELLO: Groene? Thank you so much for... [AGENCY 13]

MIKE GROENE: Half Irish, but the green shirt didn't fit. [AGENCY 13]

SENATOR MELLO: That's all right. That's okay. [AGENCY 13]

MIKE GROENE: I gained too much weight. (Laugh) [AGENCY 13]

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SENATOR MELLO: Well, you brought up some very interesting points and I just have a couple questions. Do you know of any studies that show Nebraska students being ranked number one in any global or nationwide survey in regards to math, science, English, computer skills, anything of that sort? [AGENCY 13]

MIKE GROENE: As a country, I know we rate like 23rd or something. [AGENCY 13]

SENATOR MELLO: Any globally? I mean you... [AGENCY 13]

MIKE GROENE: In globally. As a country, I know it's like...we're in the low 20s. [AGENCY 13]

SENATOR MELLO: So you would agree that, as a nation, that we're falling further and further behind for, you know, countries around the world in regards to basic math, science, reading skills? [AGENCY 13]

MIKE GROENE: Uh-huh. [AGENCY 13]

SENATOR MELLO: You would agree with that? Well, I guess that kind of leads, I guess, to the next question. As you've started your testimony with reading from the constitution, which I, you know, I do believe that is the only statutory requirement we have to do as a Legislature, is appropriate funding or ensure that we have public education, but I guess my question goes...you were mentioning kindergarten and preschool and your testimony mentioned a five-year-old. Do you think that all five-year-olds are the equivalent; are on the same educational wave length as they enter kindergarten or preschool? [AGENCY 13]

MIKE GROENE: Get philosophical here, somebody who doesn't...public education isn't that important to me because we take responsibility, our family does, of educating our

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children and we use the public school to aid that. But I guess the question I've always asked is, as they pushed for three- and four-year-olds into school, because as I sat in parent-teacher conference with my kids in the past, you'd always get the whisper, well, you're good parents but those other guys...and my question to this...to the education establishment is this: These bad parents, who are they? They're your alumni. They came out of your public schools. The poverty, they're not foreigners. In north Omaha, those people had an access to a free education. So now we're going to give the same industry that turned out these parents three- and four-year-olds? I've got a hard...I got a real problem with that. We got a problem with education and it isn't money. I will tell you this, Senator Mello, nobody can show me a study where outcomes are related to amount spent in education. You can't find it. You cannot find a study that says dollars spent to outcome can be established and proved. It goes back to who's in that classroom with that child and what we expect of that person. [AGENCY 13]

SENATOR MELLO: But in the same...in the same vein, though, Mr. Groene, that you just said that essentially, if I can paraphrase you, that parents...the home is the first school and parents are the first teachers. My question goes back to are all teachers then the same? As students are going in...five-year-olds are going into kindergarten, do they all come in equipped and on the same level to start public education? [AGENCY 13]

MIKE GROENE: No, they can't, I mean, because what goes on in a home. But we haven't proved Head Start and taking kids out of the crib and putting them in school is going to solve that either. There's no established...I mean we've had...we've had--what's the federal program--for years, Head Start. That's preschool for the poor. We still got the mess in Omaha. Those kids all had opportunities for Head Start. Don't tell me they didn't. So what's the state of Nebraska and the local school district going to do anything more than Head Start did? I mean I don't know how you solve it, but throwing money at it and giving more administrative jobs I don't think is the answer. A bunch of educators having substitute teachers in the classroom while they're sitting there rubbing their

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heads in some meeting in Kearney or Omaha talking about students isn't going to solve it. It goes back to personal responsibility. I don't think it's taught anymore. I don't think personal responsibility is taught. I don't think...I think just that subject along with little kids would solve a big problem. We have generations of parents who think education is a right, that the outcome is a right. I mean, my gosh, what we have in opportunity in this country to walk into a building and have materials in front of you and to learn, it takes effort but it takes individual effort and it doesn't...and that's not the effort from the employer or the state or the taxpayer. It's from the individual. [AGENCY 13]

SENATOR MELLO: I would agree with you that... [AGENCY 13]

MIKE GROENE: But money don't solve that. [AGENCY 13]

SENATOR MELLO: I'd agree with you that there needs to be a level of personal responsibility instilled... [AGENCY 13]

MIKE GROENE: From the student. [AGENCY 13]

SENATOR MELLO: ...instilled in...well, coming from the first teachers, which are our parents. But do you believe there's a level of mutual responsibility that needs to come from our societies in general, ensuring that without educating these children, without providing them the opportunity, they will possibly cost us more in the long run through incarceration or lack thereof through public assistance? [AGENCY 13]

MIKE GROENE: If the mother is sitting there watching Oprah, she doesn't know that...and her kid is foraging through the refrigerator, not even knowing what time of day you're supposed to actually eat and they don't know what's going on here, they don't care that you started community schools in Omaha. Nothing has changed for them. They're still getting up at 1:00 in the afternoon, they're still watching Oprah, and the kids are foraging. And I know that for a fact. My son does work in corrections in McCook and

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what they try to do there is teach these young people, in the first time, how to get up in the morning because they don't know how to. They've slept when they wanted to. They don't even know that you eat three times a day. They don't even know that there are schedules, as a human being and a civilized human being, that you keep. They're used to just eating when they're hungry, foraging. [AGENCY 13]

SENATOR MELLO: Would you be safe to say, Mr. Groene, that that's a...that it's a very broad generalization of all parents or... [AGENCY 13]

MIKE GROENE: No, I'm not saying that's all parents, I'm just saying the ones you're trying to help we've got a problem with. I mean I'm not a psychologist. All I am is a taxpayer who says, wait a second, I'm tired of throwing money at this, I'm tired of levels and levels of administrators. I went to a small...I went to a parochial school for seven years, then a public high school in a small town, farm kid. My principal taught a class. And we had the same teacher every day. They didn't disappear for seminars in the middle of the...for a day or a couple of days. Education was about the children and these people actually had a call. They used to be called public servants. Now I just call them public employees. They don't care anymore. It's about them. It's about the huge...I mean Senator Hansen's aide sent...e-mailed me--I was going to peruse it real quick, usually I can go through things pretty fast--the Department of Education's budget proposal. I opened that up; it was 785 pages. I thought how many man-hours am I spending as a taxpayer for education for somebody to put that together that could have been used in a classroom? It just amazed me. But I'm just a taxpayer and I represent taxpayers. [AGENCY 13]

SENATOR MELLO: That's...and I understand that. I guess in that same vein, though, Mr. Groene, do you...to what Senator Harms mentioned before, I believe, when we were discussing with the ESUs is knowing that we...you know, and earlier you stated that we are falling further and further behind other countries in regards to our education attainment and skills attainment. Do you see that as part of maybe a bigger picture

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issue that we might need to look to revamp the way we currently have our education system; that something that might have worked 40 or 50 years ago might not work the same way now, knowing that we live in a globalized,... [AGENCY 13]

MIKE GROENE: I think the only... [AGENCY 13]

SENATOR MELLO: ...twenty-first century, technology driven economy? [AGENCY 13]

MIKE GROENE: The only way you're going to do it is do accountability on the teacher, on the employee, and state testing I think is a great way to do that. I hear this where they teach to the test. No, I want my administrators to be able to look at this third grade class from year after year and say something is wrong here. They go in with good test scores; they come out bad. We've got a problem here. That is why the union doesn't like testing, because there's accountability attached to it. We need accountability. I don't want a teacher talking about global warming or hugging trees or whatever. I want them teaching, being scared that their kids won't know what two plus two is on that standard test. [AGENCY 13]

SENATOR MELLO: You do know global warming, though, is involved in a lot of science courses though. [AGENCY 13]

MIKE GROENE: Yes, but they can't read. [AGENCY 13]

SENATOR MELLO: I mean it's part of the science curriculum sometimes. [AGENCY 13]

MIKE GROENE: I know, but they can't read. I'll tell you a story. I went to...my background is economics but I don't like sitting around so I'd rather be out in the free-enterprise system. But our local high school doesn't teach economics. We've got a global crisis, crashing in on us, and the kids coming out of our schools doesn't understand the principles of our a free-enterprise system works. It's not even taught. It's

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not even offered in our high school. That just amazed me in North Platte High. I don't know about other high schools but that just absolutely amazed me. We are a free-enterprise system and it is the greatest system in the world. It has raised the entire world's standard of living to where it is today, and I think we ought to...our public schools are teaching the next generation of free-enterprise entrepreneurs and we're not teaching them the skills. And basic in that is the sciences and the maths but, you know, that...I don't want to get into the philosophy of debates. I'm more of a numbers man.

[AGENCY 13]

SENATOR MELLO: Well, I appreciate your testimony. Thank you. [AGENCY 13]

SENATOR HEIDEMANN: Senator Fulton. [AGENCY 13]

SENATOR FULTON: Thank you for coming, Mr. Groene. You came a long way to make your points and I appreciate that. [AGENCY 13]

MIKE GROENE: Well, I thought at least one guy who pays taxes ought to show up.

[AGENCY 13]

SENATOR FULTON: (Laughter) Would you mind giving comment on administrative pay as it relates to folks in your...out in North Platte? Is there a...oh, how do I say this? In Lincoln there was a bit of shock on the part of the public when administrators received the raises and benefits that they received in the past, the past year, and I think that shock is a result of the folks didn't know that this is the kind of pay that's going into the administrative side of our school's policy. Do you believe that the average taxpayer in your hometown has an idea of what administrators are being paid? Is there...or is there a disconnect? I guess I'm curious what the culture would be from your vantage.

[AGENCY 13]

MIKE GROENE: Well, our taxpayers group is strong there and we inform them. We

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have letters to the editor and stuff. And there's been uproar but, you know, I've been disheartened. I don't even go to school board meetings. I used to. I still testify at budget hearings but our school board has absolutely no power, none anymore. You guys took the last bit of power away from them with that last bill where they could play with the mill levy. But now it's got to be 105 or else you lose your money. So they can't even set their mill levies anymore. They hire the administrator, that's it. That's superintendent does everything else. And the Committee (sic) on Industrial Relations sets the wages and the arrays. I mean you have taken away local control of the schools and it's to the point where there is nothing anymore. [AGENCY 13]

SENATOR FULTON: So do you think folks then back home are, you know, just...have they given up? Do you get that sense? [AGENCY 13]

MIKE GROENE: They've given up. I think they have. We just hired somebody from Washington state to come out and be a curriculum administrator and that amazed me because I don't understand. I thought administrators, a good one, delegated authority and once...we've got principals there with eight, nine teachers in a school building making \$90,000. They supervise nine people. Those folks can't get together in a committee and come up with a curriculum for a building? We have to have a specialized individual for curriculum with no local input? There's no local input in curriculum either. I don't know where it comes from, from this huge bureaucracy of education that creates curriculums? I don't know. And I'm well-read. I can't trace it. And they're very upset. Here's the other thing on this retirement deal. If they like that we've got an administrator just retired at \$160,000. You take that times 60 percent. His wife works for the school. She's one of the \$65,000. You look at the retirement they're going to get at 60 percent, because the administrators, they get the same amount as the teacher that retired with...I mean percentagewise. That ought to be looked at. Put it...if they like progressive income tax, maybe we ought to have a progressive put into the retirement account. They pay 15-16 percent. But it's out of hand that we've got too many administrators. I don't know how we ever got there. But, you know, read that first line in our state

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constitution to you again, but it's that simple. It's a classroom, it's a teacher, it's a building. All of this other stuff means nothing. It means absolutely nothing. All these administrators doing charts and graphs and meetings means absolutely nothing. We've got to do something about what's in that...going on in that classroom. It's that simple and I don't understand how we got where we're at in education. I absolutely don't understand it at all. But anyway... [AGENCY 13]

SENATOR FULTON: Thanks. [AGENCY 13]

SENATOR HEIDEMANN: Senator Wightman and then Senator Nantkes. [AGENCY 13]

SENATOR WIGHTMAN: Thank you, Mr. Groene, for being here. [AGENCY 13]

MIKE GROENE: Appreciate it. [AGENCY 13]

SENATOR WIGHTMAN: I do think we need to hear from both sides and you certainly have represented the taxpayers' side pretty well. I don't know that I agree with all you say but some of it reflects a lot of my own concerns for this country. I also would say that I think discipline has become...and personal responsibility has become a real problem, both at the home and probably at the school as well, although I think it's very difficult for the school to provide that personal responsibility when it isn't provided at the home level. And one of the things I guess I would ask is, what have you found out in your area, because it's a concern of mine, that a lot of school districts have provided for health insurance for early retirees--and I think that's a big problem across the country--are they providing that at North Platte? Somebody retires early, say at age 55; do they pick up any of the health insurance? [AGENCY 13]

MIKE GROENE: No, thank God. [AGENCY 13]

SENATOR WIGHTMAN: There are a number of school districts here that are doing that.

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[AGENCY 13]

MIKE GROENE: In fact, we give them a flat \$6,000. Because we're a railroad town, a lot of folks are married to railroad employees and their insurance is really well...good. You can either take \$6,000 cash or you can put it towards health insurance. [AGENCY 13]

SENATOR WIGHTMAN: So it's a medical reimbursement plan to the extent of \$6,000 and it's fixed... [AGENCY 13]

MIKE GROENE: Yeah. [AGENCY 13]

SENATOR WIGHTMAN: ...at \$6,000. It's not variable. [AGENCY 13]

MIKE GROENE: And families hire... [AGENCY 13]

SENATOR WIGHTMAN: You don't have to prove your expenses. [AGENCY 13]

MIKE GROENE: No. It goes towards purchasing. Anything over and above that, the employee has to come. But I heard that, that that's what's causing...thank God Nebraska hasn't done that with state employees or anybody because I heard that's a huge crisis in some of these states, people retiring at 55. [AGENCY 13]

SENATOR WIGHTMAN: Yeah, there was an article in USA Today that said that the unfunded obligation just for that alone was \$455 billion just for the states, not for school districts. [AGENCY 13]

MIKE GROENE: But I didn't know any...I didn't know any school districts in the state were doing that. [AGENCY 13]

SENATOR WIGHTMAN: There are some in the state. It's been done in our...in my town

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but... [AGENCY 13]

MIKE GROENE: That's not a good thing. But as far as your discipline deal, and Senator Hansen would know this, we had a good teacher, been there 15-20 years. He restrained a student, because he was handicapped, just hugged him so he wouldn't hurt himself and other people and he was screaming. He got fired. That was about five years ago. He's been the teacher of the year for the school district in Cheyenne, Wyoming, three out of the last five years, but he got fired in North Platte. I know there's...and that is one thing I side with the educators. I don't know why we can't have some kind of protection of the teachers to...I mean it's a zoo in some of these classrooms, that they can't restrain kids. In some states they do it. They even have corporal punishment yet. I mean why can't Nebraska straighten that out, that we have teachers can do something, act mature and actually restrain a student without being fired? [AGENCY 13]

SENATOR WIGHTMAN: One other question, and maybe it's a statement. You may have noticed the articles in the paper that said that the capital within all the families, the capital net worth of all of the families in the United States had shrunk to \$51.8 trillion. Have you also read, and you do a lot of study on this, that the unfunded obligations in the national debt total about \$55 trillion, which is in excess of all of the net worth of all of the families? So I think you do bring to us a legitimate concern... [AGENCY 13]

MIKE GROENE: Well,... [AGENCY 13]

SENATOR WIGHTMAN: ...that just continuing to spend money that we apparently don't have... [AGENCY 13]

MIKE GROENE: Public education has a duty to create people to go out and create wealth in our free-enterprise system. We don't have to be ashamed of who we are. We are a free-enterprise society. Somehow we've got to translate that it's okay for these kids, that they don't got to save the world, be a sociologist; they don't got to figure out

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the mental problems of their neighbor; that going into science and economics and just business school is a good thing. But for some reason we're not...they're not coming out of our high schools. They're taking social sciences when they go to college. [AGENCY 13]

SENATOR WIGHTMAN: Well, thank you for your testimony. [AGENCY 13]

SENATOR HEIDEMANN: Senator Nantkes. [AGENCY 13]

SENATOR NANTKES: Mr. Groene, I have a comment and then a very simple question. Number one, I challenge the voracity of many of the statements that you've made before this committee this afternoon. You are, of course, entitled to your opinion and sharing that with this committee, but I think that there is a broad array of evidence out there that directly counteracts the statements that you've made here today. And I want you to make clear for the record, are you testifying on behalf of yourself as an individual or as a member of the Platte Institute? [AGENCY 13]

MIKE GROENE: As an individual. [AGENCY 13]

SENATOR NANTKES: Thank you. [AGENCY 13]

MIKE GROENE: I just referenced the Platte Institute. I like facts. If your office could give me the points I made and the disagreement, I would love to see them, Senator. Generalities don't go very far. [AGENCY 13]

SENATOR NANTKES: Agreed. [AGENCY 13]

MIKE GROENE: Senator Hansen. [AGENCY 13]

SENATOR HEIDEMANN: Senator Hansen. [AGENCY 13]

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SENATOR HANSEN: Thank you, Mike, for coming. You and I agree on some and disagree on some others. Yesterday morning I had the opportunity to go to a grant preschool in North Platte and I was invited to go and I went and I think there were 12 four-year-olds there and I stayed as long as I could but...before they got to me. (Laughter) But they were...they were the poorest of the poor in North Platte and they couldn't...you know, those parents couldn't qualify for...I mean they qualified for anything but they were the poorest of the poor and it was at Buffalo School and I think that those kids, they would never have a chance to go to any other preschool in North Platte, none. I mean they wouldn't because either of transportation or just the ability for them to go. But as long as they keep the free-market preschools open where anybody can send their kids, you know, three, four, up to five, I think that as long as they don't compete with them, I think that...and that was part of the constitutional amendment we passed two years ago. So I had questions about it and I wanted to go see it for myself,...  
[AGENCY 13]

MIKE GROENE: I've had at least... [AGENCY 13]

SENATOR HANSEN: ...but I know we've spent a lot of time on Department of Ed today so we've got a few more miles to travel. And I know you've traveled a long ways to get here and a long ways to go home, so appreciate that. [AGENCY 13]

MIKE GROENE: But I do know of at least preschools that have closed since they opened that, we call it the kids' club, in the North Platte public school. They closed. Those businesses are no longer paying taxes. [AGENCY 13]

SENATOR HANSEN: But I don't...the kids that went to the...that I saw yesterday wouldn't be going to those preschools anymore, so it was a free market. You know, they come and go so... [AGENCY 13]

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MIKE GROENE: And like I said, I like facts. And, Senator, when you track them kids through... [AGENCY 13]

SENATOR HANSEN: Yeah. [AGENCY 13]

MIKE GROENE: ...and if there was any change... [AGENCY 13]

SENATOR HANSEN: Yeah. [AGENCY 13]

MIKE GROENE: ...that they don't end up just... [AGENCY 13]

SENATOR HANSEN: I agree. [AGENCY 13]

MIKE GROENE: ...like their parents at home, unmarried, I will change my attitude. [AGENCY 13]

SENATOR HANSEN: I agree. We'll be following them too. (Laugh) [AGENCY 13]

MIKE GROENE: Thank you, Senators. [AGENCY 13]

SENATOR HANSEN: Thanks for coming. [AGENCY 13]

MIKE GROENE: I appreciate for being civil with me. [AGENCY 13]

SENATOR HEIDEMANN: Anyone else wishing to testify on Agency 13? Seeing none, we'll close the public hearing on Agency 13 and open up the public hearing on Agency 34, the Nebraska Library Commission. [AGENCY 13]